

Company Registration No. 538043

A B GRAPHIC INTERNATIONAL LIMITED

Report and Financial Statements

30 April 2011

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A B GRAPHIC INTERNATIONAL LIMITED

REPORT AND FINANCIAL STATEMENTS 2011

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A B GRAPHIC INTERNATIONAL LIMITED

REPORT AND FINANCIAL STATEMENTS 2011

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M P Burton (Chairman)
C N Burton
D W Kirkham
T W H Bell
L J Lowde
D Lawson

SECRETARY

L J Lowde

REGISTERED OFFICE

Celebration House
Stanley Street
Burton on Trent
Staffordshire
DE14 1DY

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
Leeds, United Kingdom

A B GRAPHIC INTERNATIONAL LIMITED

DIRECTORS' REPORT

The directors present their annual report on the affairs of the company together with the financial statements and auditor's report for the year ended 30 April 2011

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The principal activity of the company during the year was precision engineering and the design and manufacture of machines and materials, principally for the paper and converting trade. There have been no significant changes in the company's principal activities in the year under review.

The directors are satisfied with the results for the year and believe the company is well placed to support further developments and growth for the future.

The directors regard R&D as essential for continuing success in the medium to long term future.

There have been no significant events since the balance sheet date.

One of the financial key performance indicators used within the company is the return on capital employed in terms of operating profit before taxation. The return for the current year is 17.3% compared with 16.8% in the prior year. The profit and loss on page 6 of the financial statements shows that the company made a profit before tax of £1,378,161 (2010: £997,802). The directors consider the number of employees to be a key non-financial key performance indicator, average staff numbers increased in the year to 161 (2010: 145).

PRINCIPAL RISKS AND UNCERTAINTIES

Competitive pressure in the market is a continuing risk for the company, which could result in losing sales to other competitors, both in the UK and overseas. The company manages this risk by forming and maintaining strong relationships with all customers, offering and justifying value added services, which the company feels it is uniquely experienced to provide and has extensive knowledge of the market. The company also strives to continually improve levels of service and technical expertise on offer to its customers.

The company exports worldwide and also imports in other currencies than sterling, primarily Euros and US Dollars. The company is therefore exposed to the movement in rates of exchange against sterling. The company manages this risk by operating bank accounts in both Euros and US Dollars in order to facilitate the payment to suppliers in the same currency as received from customers and therefore reducing the need to exchange currency via sterling. The company also enters into foreign currency forward contracts in order to hedge exposure to foreign exchange risks for any anticipated surplus or deficit although the company had no open contracts at the year end.

The company continues to be cash generative from operations, has no external debt and the directors consider it to be in a strong position to operate through these difficult economic times. See note 1 to the accounts for more details of the directors' consideration of going concern.

ENVIRONMENT

The company is committed to preventing any possible adverse effects upon the environment and people, arising from its activities.

The company seeks to minimise wherever possible the volume of waste it creates as a result of its activities. However, some waste is inevitable and where possible this is consolidated for reprocessing or recycling. Only licensed, approved specialist waste disposal contacts are used where disposal is the only option available.

EMPLOYEES

The company policy is to keep employees informed on matters relevant to them as employees through regular meetings and notices.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £1,641,336 (2010: £607,358). Dividends of £nil (2010: £3,000,000), £nil per equity share (2010: £150) were paid during the year.

DIRECTORS

The current directors of the company and those who served during the year are listed on page 1.

During the year, Mr C N Burton and Mr M P Burton were also directors of the ultimate parent company, GHB (Holding) Limited.

A B GRAPHIC INTERNATIONAL LIMITED

DIRECTORS' REPORT

AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Approved by the Board of Directors
and signed on behalf of the Board



L J Lowde
Company Secretary

10 November 2011

A B GRAPHIC INTERNATIONAL LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF A B GRAPHIC INTERNATIONAL LIMITED

We have audited the financial statements of A B Graphic International Limited for the year ended 30 April 2011 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the Cash flow Statement and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 April 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

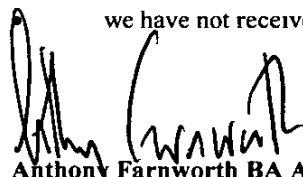
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Anthony Farnworth BA ACA (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditors

Leeds, United Kingdom

02/12/2011

A B GRAPHIC INTERNATIONAL LIMITED

PROFIT AND LOSS ACCOUNT Year ended 30 April 2011

	Note	2011 £	2010 £
TURNOVER	2	23,777,830	20,263,980
Cost of sales		(19,637,216)	(16,849,521)
GROSS PROFIT		4,140,614	3,414,459
Distribution costs		(920,150)	(739,173)
Administrative expenses		(1,875,337)	(1,661,957)
OPERATING PROFIT	3	1,345,127	1,013,329
Interest receivable and similar income	6	21,891	46,473
Other finance charges	7	(40,000)	(62,000)
Dividend receivable	8	51,143	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,378,161	997,802
Tax on profit on ordinary activities	9	263,175	(390,444)
PROFIT RETAINED FOR THE FINANCIAL YEAR	20	1,641,336	607,358

All amounts are derived from continuing operations

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES Year ended 30 April 2011

	2011 £	2010 £
Profit on ordinary activities after taxation	1,641,336	607,358
Actuarial gain/(loss) relating to pension schemes	111,000	(415,000)
Deferred tax movement associated with actuarial gain/(loss)	(31,000)	116,000
Total recognised gains and losses in the year and since last financial statements	1,721,336	308,358

A B GRAPHIC INTERNATIONAL LIMITED

BALANCE SHEET **30 April 2011**

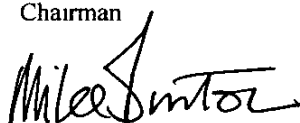
	Note	2011 £	2010 £
FIXED ASSETS			
Tangible assets	10	1,633,991	1,378,507
Investments	11	19,568	19,568
		<u>1,653,559</u>	<u>1,398,075</u>
CURRENT ASSETS			
Stocks	12	4,051,578	3,321,794
Debtors	13	4,962,674	4,226,544
Cash on term deposit		4,039,810	4,017,943
Cash at bank and in hand		936,662	647,683
		<u>13,990,724</u>	<u>12,213,964</u>
CREDITORS: Amounts falling due within one year	14	<u>(6,970,066)</u>	<u>(6,512,771)</u>
NET CURRENT ASSETS		<u>7,020,658</u>	<u>5,701,193</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>8,674,217</u>	<u>7,099,268</u>
PROVISION FOR LIABILITIES AND CHARGES	15	(61,580)	(61,580)
Accruals and deferred income			
Deferred government grants	16	<u>(29,278)</u>	<u>(37,665)</u>
NET ASSETS EXCLUDING PENSION LIABILITY		<u>8,583,359</u>	<u>7 000,023</u>
Pension liability	22	<u>(817,000)</u>	<u>(955,000)</u>
NET ASSETS INCLUDING PENSION LIABILITY		<u>7,766,359</u>	<u>6,045,023</u>
CAPITAL AND RESERVES			
Called up share capital	19	20,000	20,000
Share premium account	20	329	329
Profit and loss account	20	<u>7,746,030</u>	<u>6,024,694</u>
EQUITY SHAREHOLDERS' FUNDS	20	<u>7,766,359</u>	<u>6,045,023</u>

The financial statements of AB Graphic International Limited registered number 538043 were approved by the Board of Directors on *10 November* 2011

Signed on behalf of the Board of Directors

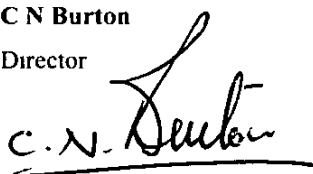
M P Burton

Chairman



C N Burton

Director



A B GRAPHIC INTERNATIONAL LIMITED

CASH FLOW STATEMENT

30 April 2011

	Note	2011 £	2010 £
Net cash inflow from operating activities	21 (a)	927,930	2,196,089
Returns on investments and servicing of finance	21 (b)	73,034	46,473
Taxation	21 (c)	(187,394)	164,197
Capital expenditure and financial investment	21 (d)	(502,724)	(547,141)
Management of liquid resources	21 (e)	(21,867)	499,869
Equity dividend paid	20	-	(3,000,000)
Increase/(decrease) in cash		288,979	(640,513)

Reconciliation of net cash flow to movement in net funds

	Note	2011 £	2010 £
Increase/(decrease) in cash	21 (f)	288,979	(640,513)
Cash inflow/(outflow) from movement in liquid resources	21 (f)	21,867	(499,869)
Movement in net funds		310,846	(1,140,382)
Net funds at 1 May	21 (f)	4,665,626	5,806,008
Net funds at 30 April	21 (f)	4,976,472	4,665,626

A B GRAPHIC INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 April 2011

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and preceding year.

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable United Kingdom accounting standards.

Basis of preparation

The company is exempt from the requirement to prepare group accounts because it is a wholly owned subsidiary of GHB (Holding) Limited and GHB (Holding) Limited has prepared audited consolidated accounts to the same date, accordingly the accounts present information about the company as an individual undertaking.

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report.

The company has considerable cash resources and no external debt. It has a well diversified customer portfolio, and supply contracts with a number of suppliers across different geographical areas and industries.

As a consequence, the directors believe that the company is well placed to manage its business risks successfully going forwards.

After making enquiries and taking into account the uncertain economic outlook, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the annual report and accounts.

Research and development

Research and development expenditure is written off in the year in which it is incurred.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated to write off the assets over their estimated useful lives and has been applied on the following basis and rates during the year:

Freehold buildings	- 2% straight line
Plant and machinery	- 10 – 33% straight line
Fixtures, fittings and equipment	- 10 – 25% straight line
Motor vehicles	- 25% straight line

Government grants

Government grants in respect of capital expenditure are credited to deferred income and are released to the profit and loss account over the expected useful lives of the relevant assets by equal annual instalments. Revenue grants are released to profit over the life of the project to which they relate.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Raw materials and consumables – actual purchase price

Work in progress and finished goods – cost of direct materials and labour plus attributable overheads

Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

NOTES TO THE ACCOUNTS

Year ended 30 April 2011

1. ACCOUNTING POLICIES (CONTINUED)

Investments

Investments are stated at cost less provision for impairment

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax, in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is measured on a non-discounted basis

Foreign currencies

Transactions denominated in foreign currencies are translated into the functional currency at the rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account

Pension costs

Certain employees are members of a defined benefit pension scheme operated by the ultimate parent undertaking. The scheme is closed to new members and further accrual. Under Financial Reporting Standard 17 'Retirement Benefits', the pension scheme assets in respect of these guarantees are measured using fair values whilst the pension liabilities are measured using a projected unit method and discounted using an appropriate discount rate. The pension liability is recognised in full, net of deferred tax, and presented on the face of the balance sheet. The movement in the deficit is split between finance charges in the profit and loss account and in the statement of total recognised gains and losses. The expected return on assets is credited to other financing costs. The actuarial gain or loss is charged through the statement of total recognised gains and losses and is made up of the difference between the expected return on assets and those actually achieved and any changes in the assumptions and experiences used in the valuations

Employees are eligible to join a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme

Certain directors of the company are members of a small self-administered defined contribution scheme. Contributions are made by the ultimate parent company, GHB (Holding) Limited and relevant details are disclosed in that company's financial statements

A B GRAPHIC INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 April 2011

2. TURNOVER

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties and is wholly derived from the company's principal continuing activities. Turnover is recognised on despatch of goods.

An analysis of turnover by geographical market is given below

	2011 £	2010 £
United Kingdom	3,832,986	2,982,858
Other European countries	9,829,755	7,169,396
Other	10,115,089	10,111,726
	<u>23,777,830</u>	<u>20,263,980</u>

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting)

	2011 £	2010 £
Depreciation of owned fixed assets	257,999	233,090
Profit on disposal of fixed assets	(10,759)	(1,094)
Profit on foreign currency translation	(11,584)	(17,217)
Government grants released	(8,387)	(10,270)
Research and development expenditure	54,808	89,787
Auditor's Remuneration		
Fees payable to the company's auditor for the audit of the company's annual accounts	20,795	22,100
Fees payable to the company's auditor for other services pursuant to legislation -		
Corporation tax	5,000	5,000
Research and development tax reclaim	<u>71,000</u>	<u>-</u>

4. STAFF COSTS

	2011 £	2010 £
Wages and salaries	4,400,448	3,928,059
Social security costs	438,506	384,313
Other pension costs	213,180	187,631
	<u>5,052,134</u>	<u>4,500,003</u>

The monthly average number of employees during the year was as follows

	2011 No	2010 No
Production	122	109
Management, Administration and Sales	<u>39</u>	<u>36</u>
	<u>161</u>	<u>145</u>

A B GRAPHIC INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 April 2011

5. DIRECTORS' EMOLUMENTS

	2011 £	2010 £
Emoluments	427,276	350,156
Pension contributions	16,790	16,790
Remuneration of the highest paid director Emoluments	163,166	128,603
Pension contributions	5,690	5,690

Two (2010 two) of the directors are members of a self-administered defined contribution pension scheme. Contributions are made by the ultimate parent company, GHB (Holding) Limited, and relevant details are disclosed in that company's financial statements.

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2011 £	2010 £
Bank interest receivable	21,891	33,472
Interest on tax refund	-	13,001
	21,891	46,473

7. OTHER FINANCE CHARGES

	2011 £	2010 £
Expected return on pension scheme assets	218,000	162,000
Interest on pension scheme liabilities	(258,000)	(224,000)
	(40,000)	(62,000)

8. DIVIDEND RECEIVABLE

	2011 £	2010 £
Dividend receivable from associate	51,143	-

9. DIVIDENDS

	2011 £	2010 £
Interim dividend paid (2010 £150 per share)	-	3,000,000

A B GRAPHIC INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 April 2011

10. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2011 £	2010 £
United Kingdom corporation tax at 27.8% (2010: 28%)	133,076	133,342
Adjustment in respect of prior years	(419,251)	217,036
Total current tax	(286,175)	350,378
Deferred taxation		
Origination and reversal of timing differences	23,000	39,176
Adjustments in respect of prior years	-	890
Tax (credit)/charge on profit on ordinary activities	(263,175)	390,444

Factors affecting current tax charge

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 27.8% (2010: 28%)
The actual tax charge varies from the standard rate due to the reasons set out in the following reconciliation

	2011 £	2010 £
Profit on ordinary activities before taxation	1,378,161	997,802
Tax on profit on ordinary activities at standard rate	383,129	279,385
<i>Factors affecting charge for the year</i>		
Research and development tax credits	(193,334)	(116,185)
Expenses not deductible for tax purposes	8,265	34,458
Capital allowances in excess of depreciation	(17,043)	(26,175)
Movement in FRS 17 pension liability	(22,518)	(13,000)
Income not taxable	(14,218)	(25,141)
Utilisation of tax losses	(11,204)	-
Prior year adjustments	(419,252)	217,036
Total current tax (credit)/charge	(286,175)	350,378

The reduction in the main rate of corporation tax from 28% to 26% effective from 1 April 2011, was substantively enacted on 29 March 2011. Accordingly, deferred tax balances have been revalued to the lower rate of 26% in these accounts.

Subsequent to the balance sheet date, further legislation has been enacted which has reduced the corporation tax rate to 25% with effect from 1 April 2012. The Government has also indicated that it intends to enact future reductions in the main tax rate of 1% each year to 23% by 1 April 2014. As these further reductions in UK corporate tax rates have not been substantially enacted at the balance sheet date, they are considered a non-adjusting event and no adjustments have been made. The impact of these future reductions will be taken into account at subsequent reporting dates, once the change has been substantively enacted.

A B GRAPHIC INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS Year ended 30 April 2011

11. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Plant and machinery £	Fixtures, fittings and equipment £	Motor Vehicles £	Total £
Cost					
At 1 May 2010	504,473	1,991,203	608,614	261,050	3,365,340
Additions	25,700	301,973	103,642	103,995	535,310
Disposals	-	(28,065)	(20,481)	(74,988)	(123,534)
At 30 April 2011	530,173	2,265,111	691,775	290,057	3,777,116
Depreciation					
At 1 May 2010	76,335	1,335,755	439,350	135,393	1,986,833
Provided during the year	9,289	128,658	57,641	62,411	257,999
Disposals	-	(17,642)	(20,480)	(63,585)	(101,707)
At 30 April 2011	85,624	1,446,771	476,511	134,219	2,143,125
Net book value					
At 30 April 2011	444,549	818,340	215,264	155,838	1,633,991
At 30 April 2010	428,138	655,448	169,264	125,657	1,378,507

12. INVESTMENTS

	Shares in group undertakings £	Interest in associated companies £	Total £
Cost			
At 1 May 2010 and 30 April 2011	15,756	19,568	35,324
Amounts provided			
At 1 May 2010 and 30 April 2011	(15,756)	-	(15,756)
Net book value			
At 30 April 2010 and 30 April 2011	-	19,568	19,568

Subsidiary undertaking	Country of incorporation	Nature of business	Proportion of issued equity capital held
Burton Engineering Company Limited	England and Wales	Dormant	100%
A B Graphic Machinery (Espana)	Spain	Supply of print machinery	50%

13. STOCKS

	2011 £	2010 £
Raw materials	1,011,852	888,755
Work in progress	1,503,916	1,519,715
Finished goods	1,535,810	913,324
	4,051,578	3,321,794

A B GRAPHIC INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 April 2011

There is no material difference between the balance sheet value of stocks and their replacement cost

A B GRAPHIC INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS Year ended 30 April 2011

14. DEBTORS

	2011 £	2010 £
Trade debtors	920,896	1,522,918
Amounts owed by group undertakings	3,552,023	2,330,122
Other debtors	156,732	184,740
Prepayments and accrued income	325,087	185,080
Amounts owed by related parties (note 18)	7,936	3,684
	<u>4,962,674</u>	<u>4,226,544</u>

All amounts are due within one year

15. CREDITORS: Amounts falling due within one year

	2011 £	2010 £
Payments received on account	1,371,324	914,977
Trade creditors	3,569,670	3,154,005
Amounts owed to group undertakings	128,751	90,635
Amounts owed to associate	35,315	65,597
Corporation tax	192,166	665,735
Other taxation and social security	166,963	151,037
Accruals and deferred income	1,505,877	1,470,785
	<u>6,970,066</u>	<u>6,512,771</u>

16. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred Taxation £
At 1 May 2010	61,580
Profit and loss account movement arising during the year	-
At 30 April 2011	<u>61,580</u>

The amounts of deferred tax provided and unprovided in the financial statements are

	Provided 2011 £	2010 £	Unprovided 2011 £	2010 £
Capital allowances in excess of depreciation	<u>61,580</u>	<u>61,580</u>	<u>-</u>	<u>-</u>

A B GRAPHIC INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 April 2011

17. ACCRUALS AND DEFERRED INCOME

	Deferred government grants £
Balance as at 1 May 2010	37,665
Released during the year	(8,387)
Balance at 30 April 2011	<u>29,278</u>

18. CONTINGENT LIABILITY

The company has given unlimited multilateral guarantees in respect of amounts due to the bank by its ultimate parent and fellow subsidiary undertakings. At 30 April 2011 the amounts due by these companies were £nil (2010 £nil)

19. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in FR8 from disclosing transactions with related parties that are wholly owned members of the GHB (Holding) Limited Group

Mr M P Burton and Mr C N Burton are also directors and shareholders of Celebration Holdings Limited, and their subsidiary companies. During the year, A B Graphic International Limited sold £nil (2010 £400,000) of goods and services to Celebration Holdings Limited and its subsidiary Celebration Paper and Plastics Limited

At the balance sheet date, the amount due from Celebration Holdings Limited and Celebration Paper and Plastics Limited is £7,936 (2010 £1,000) and the amount due from Stera Holdings Limited and Stera-Tape Limited is £nil (2010 £2,684)

20. CALLED UP SHARE CAPITAL

	2011 £	2010 £
Allotted, called up and fully paid 20,000 Ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>

A B GRAPHIC INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 April 2011

21. COMBINED RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS AND STATEMENT OF MOVEMENT ON RESERVES

	Share capital £	Share premium account £	Profit and loss account £	Total shareholders' funds £
At 30 April 2009	20,000	329	8,716,336	8,736,665
Profit for the year	-	-	607,358	607,358
Actuarial loss relating to pension scheme	-	-	(415,000)	(415,000)
Deferred tax movement on actuarial loss	-	-	116,000	116,000
Dividend paid	-	-	(3,000,000)	(3,000,000)
At 30 April 2010	20,000	329	6,024,694	6,045,023
Profit for the year	-	-	1,641,336	1,641,336
Actuarial loss relating to pension scheme	-	-	111,000	111,000
Deferred tax movement on actuarial loss	-	-	(31,000)	(31,000)
At 30 April 2011	20,000	329	7,746,030	7,766,359

22. NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of operating profit to net cash inflow from operating activities

	2011 £	2010 £
Operating profit	1,345,127	1,013,329
Depreciation	257,999	233,090
Profit on disposal of fixed assets	(10,759)	(1,094)
Deferred government grants released	(8,387)	(10,270)
Defined benefit pension scheme credit less contributions paid	(121,000)	(107,000)
Increase in stocks	(729,784)	(63,978)
Increase in debtors	(736,130)	(390,348)
Increase in creditors	930,864	1,522,360
Net cash inflow from operating activities	927,930	2,196,089

A B GRAPHIC INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 April 2011

22. NOTES TO THE CASH FLOW STATEMENT (CONTINUED)

(b) Return on investments and servicing of finance

	2011 £	2010 £
Dividend received	51,143	-
Interest received	21,891	46,473
	<u>73,034</u>	<u>46,473</u>

(c) Taxation

	2011 £	2010 £
Corporation tax (paid)/repaid	<u>(187,394)</u>	<u>164,197</u>

(d) Capital expenditure and financial investment

	2011 £	2010 £
Payments to acquire tangible fixed assets	(535,310)	(596,515)
Receipts from sales of tangible fixed assets	32,586	32,849
Receipts from government grants	-	16,525
	<u>(502,724)</u>	<u>(547,141)</u>

(e) Management of liquid resources

	2011 £	2010 £
Cash (placed on)/withdrawn from term deposit	<u>(21,867)</u>	<u>499,869</u>

(f) Analysis of changes in net funds

	At 1 May 2010 £	Cash Flows £	At 30 April 2011 £
Cash at bank and in hand	647,683	288,979	936,662
Cash on term deposit	4,017,943	21,867	4,039,810
	<u>4,665,626</u>	<u>310,846</u>	<u>4,976,472</u>

A B GRAPHIC INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 April 2011

23. PENSION COMMITMENTS

Certain company employees are members of a defined benefit pension scheme operated by GHB (Holding) Limited (the "Scheme"). This includes employees of AB Graphic International Limited, the parent undertaking GHB (Holding) Limited and related party Celebration Paper and Plastics Limited. The scheme is closed to new entrants and the accrual of future benefits.

The valuation used for Financial Reporting Standard No 17 ("FRS 17") disclosures has been based on the most recent actuarial valuation as at 6 April 2010 and updated by First Actuarial plc to take account of the requirements of FRS 17 in order to assess the liabilities of the scheme at 30 April 2011 and 30 April 2010. Scheme assets are stated at their market value at the respective balance sheet dates.

	2011	2010	2009
	%	%	%
Main assumptions			
Rate of increase in salaries	n/a	n/a	n/a
Rate of increase in pension in payment	3.5	3.3	3.1
Rate of increase in deferred pensions	2.8	3.5	3.2
Discount rate	5.1	5.7	6.6
Inflation assumption	3.6	3.5	3.2

The assumed life expectations on retirement at age 65 are

	2011	2010
	Years	Years
Retiring today		
Males	22.1	22.3
Females	23.7	24.7
Retiring in 20 years		
Males	23.0	24.2
Females	25.6	26.6

Amounts recognised in the profit and loss account in respect of the defined benefit schemes are as follows:

	2011	2010
	£	£
Interest cost	(258,000)	(224,000)
Expected return on scheme assets	218,000	162,000
	<u>(40,000)</u>	<u>(62,000)</u>

Actuarial gains and losses have been reported in the statement of total recognised gains and losses.

The actual return on scheme assets was £272,000 (2010: £714,000).

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses since the adoption of FRS 17 is £1,315,000 (2010: £(1,395,000)).

A B GRAPHIC INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 April 2011

23. PENSION COMMITMENTS (continued)

Movements in the present value of defined benefit obligations were as follows

	2011 £	2010 £
At 1 May	4,552,000	3,432,000
Interest cost	258,000	224,000
Actuarial gains and losses	(26,000)	967,000
Benefits paid	(69,000)	(71,000)
At 30 April	<u>4,715,000</u>	<u>4,552,000</u>

Movements in the fair value of scheme assets were as follows

	2011 £	2010 £
At 1 May	3,226,000	2,476,000
Expected return on scheme assets	218,000	162,000
Actuarial gains	85,000	552,000
Contributions from the sponsoring companies	121,000	107,000
Benefits paid	(69,000)	(71,000)
At 30 April	<u>3,581,000</u>	<u>3,226,000</u>

The assets and liabilities of the scheme attributed to A B Graphic International Limited and the expected rate of return at 30 April are

	2011		2010		2009	
	Long-term rate of return expected %	Value £	Long-term rate of return expected %	Value £	Long-term rate of return expected %	Value £
Equities	7.0	2,600,000	7.35	2,419,000	7.0	1,832,000
Bonds	4.9	587,000	4.7	581,000	5.0	471,000
Others	4.9	394,000	4.7	226,000	5.0	173,000
Total market value of assets		<u>3,581,000</u>		<u>3,226,000</u>		<u>2,476,000</u>
Present value of scheme liabilities		<u>(4,715,000)</u>		<u>(4,552,000)</u>		<u>(3,432,000)</u>
Deficit in the scheme		<u>(1,134,000)</u>		<u>(1,326,000)</u>		<u>(956,000)</u>
Related deferred tax asset		317,000		371,000		268,000
Net pension deficit		<u>(817,000)</u>		<u>(955,000)</u>		<u>(688,000)</u>

A B GRAPHIC INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 April 2011

23. PENSION COMMITMENTS (CONTINUED)

The five year history of experience adjustments is as follows

	2011 £	2010 £	2009 £	2008 £	2007 £
Present value of defined benefit obligations	(4,715,000)	(4,552,000)	(3,432,000)	(3,863,000)	(3,792,000)
Fair value of scheme assets	3,581,000	3,226,000	2,476,000	3,256,000	3,319,000
Deficit in the scheme	(1,134,000)	(1,326,000)	(956,000)	(607,000)	(473,000)
Experience adjustments on scheme liabilities (£)	26,000	(967,000)	608,000	65,000	(124,000)
Percentage of scheme liabilities (%)	1	(21)	18	2	(3)
Experience adjustments on scheme assets (£)	85,000	552,000	(1,014,000)	(419,000)	48,000
Percentage of scheme assets (%)	2	17	(40)	(13)	1

Certain directors of the company are members of a self administered fund defined contribution scheme Contributions are made by the ultimate parent company and relevant details are disclosed in the company's financial statements

Other employees are eligible to join a defined contribution pension scheme The assets of the scheme are held separately from those of the company in an independent administered fund There are no amounts accrued or prepaid at the year end or previous year end

The total contributions paid by the company during the year to the schemes were £213,830 (2010 £187,631) All contributions were paid during the year

Based on the actuarial valuation the group and the trustees have agreed to the following funding objectives -

- to set contributions such as to eliminate the group FRS 17 deficit over a two year period,
- once the current deficit is eliminated to maintain funding at least to this level, and
- to meet the liabilities of the defined benefit scheme in the event that the plan is wound up

24. ULTIMATE PARENT COMPANY

The immediate and ultimate parent undertaking is GHB (Holding) Limited, registered in England and Wales Copies of the accounts of GHB (Holding) Limited can be obtained from Companies House, Crown Way, Mandy, Cardiff

In the opinion of the directors the ultimate controlling party is the Burton family